

Message Text

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SUBJECT: DRAFT LEGISLATION US DESIGNATED ENTITY

1. OTP TODAY FORWARDED TO OMB DRAFT LEGISLATION FOR A DESIGNATED ENTITY FOR THE PROVISION OF INTERNATIONAL MOBILE SATELLITE SERVICES. THE TEXT OF THE OTP PRESS RELEASE IS QUOTED BELOW:

"OTP ACTING DIRECTOR JOHN EGER TODAY ANNOUNCED A LEGISLATIVE PROPOSAL WHICH WOULD DESIGNATE A SPECIALLY CREATED SUBSIDIARY OF THE COMMUNICATIONS SATELLITE (COMSAT) CORPORATION TO REPRESENT THE UNITED STATES IN THE PROVISION OF INTERNATIONAL MOBILE SATELLITE SERVICES.

"THE UNITED STATES HAS A VITAL AND ENDURING INTEREST IN ENCOURAGING AN EFFICIENT WORLDWIDE COMMUNICATIONS SYSTEM," EGER SAID. "SATELLITE TECHNOLOGY HOLDS THE KEY TO EFFEC-
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TIVE INTERCONNECTION OF THE TELECOMMUNICATIONS SYSTEMS OF

THE WORLD. THIS DRAFT LEGISLATION IS DESIGNED TO PROVIDE THE UNITED STATES WITH UNIFIED REPRESENTATION OF PRIVATE INDUSTRY IN INTERNATIONAL MOBILE COMMUNICATIONS SATELLITE FORUMS, SO THAT THE SINGLE PRIVATE ENTITY, TOGETHER WITH THE FEDERAL GOVERNMENT, CAN BEST REPRESENT U.S. COMMERCIAL AND GOVERNMENTAL INTEREST."

"HOWEVER IMPORTANT WE MAY CONSIDER GLOBAL EXPANSION OF

COMMUNICATIONS SATELLITE SYSTEMS, THE UNITED STATES STILL OPERATES AT A DISADVANTAGE IN ANY COOPERATIVE INTERNATIONAL COMMUNICATIONS PROJECT," SAID EGER, EXPLAINING THAT, "NEARLY ALL OF THE MAJOR TELECOMMUNICATIONS INDUSTRIES ABROAD ARE CONTROLLED BY GOVERNMENT AND CAN SPEAK WITH A SINGLE VOICE. WE, ON THE OTHER HAND, ARE PRESENTLY REPRESENTED SEPARATELY BY COMPETING PARTICIPANTS OF PRIVATE INDUSTRY AND THE U.S. GOVERNMENT--WHICH SOMETIMES RESULTS IN THE PRESENTATION OF CONFLICTING PERSPECTIVES AND OBJECTIVES IN INTERNATIONAL NEGOTIATIONS."

"BY ALSO DESIGNATING COMSAT AS THE U.S. OPERATIONAL ENTITY IN INTERNATIONAL MOBILE SATELLITE AGREEMENTS FOR MOBILE COMMUNICATIONS, SUCH AS THE ONE BEING NEGOTIATED IN LONDON FOR INMARSAT, WE CAN SIMPLIFY BUSINESS AND OPERATIONAL RELATIONSHIPS FOR BOTH OURSELVES AND FOR PARTICIPATING NATIONS. INMARSAT IS AN INTERNATIONAL ORGANIZATION BEING ESTABLISHED TO PROVIDE TELECOMMUNICATIONS SATELLITE SERVICES TO SHIPS AT SEA. COMSAT IS PRESENTLY THE U.S. REPRESENTATIVE FOR INTERNATIONAL LAND-BASED SATELLITE SERVICES PROVIDED THROUGH A 91-NATION CONSORTIUM CALLED INTELSAT."

"COMSAT, SINCE ITS CREATION BY STATUTE IN 1962, HAS ESTABLISHED THROUGH ITS PARTICIPATION IN INTELSAT A TRACK RECORD OF RELIABILITY WITH OTHER NATIONS. FURTHER, COMSAT HAS GAINED THE KIND OF EXPERIENCE NECESSARY TO DEAL WITH THE INTRICACIES OF THE INTERNATIONAL COMMUNICATIONS MARKET IN FUTURE SATELLITE ARRANGEMENTS," EGER EXPLAINED.

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"THE PROPOSED LEGISLATION WOULD DELEGATE TO THE SPECIAL SUBSIDIARY OF COMSAT FULL RESPONSIBILITY FOR THE OPERATION AND MAINTENANCE OF ANY US PORTION OF THE INTERNATIONAL MOBILE TELECOMMUNICATIONS SATELLITE. CONSISTENT WITH THE COMMUNICATIONS ACT OF 1934, IT&T, AT&T, RCA, WESTERN UNION INTERNATIONAL AND OTHER U.S. INTERNATIONAL CARRIERS, AS WELL AS COMSAT OR ANY OF ITS OTHER SUBSIDIARIES, COULD PURCHASE A PORTION OF THE CAPACITY OF

THE SYSTEM CONTROLLED BY THE NEW CORPORATION."

"CONSISTENT WITH RECOMMENDATIONS MADE BY OTP IN DECEMBER 1975 THAT PARITY BE ACHIEVED IN THE FINANCIAL TREATMENT OF CABLE AND SATELLITE FACILITY USE (INTERNATIONAL CARRIERS MAY NOW INCLUDE SATELLITE INVESTMENTS, BUT NOT SATELLITE COSTS IN THEIR RATE BASE), THE LEGISLATION WOULD ALLOW THE CARRIERS TO INCLUDE THEIR CAPITAL COSTS FOR MOBILE SATELLITE CAPACITY IN THE RATE BASE USED FOR DETERMINING THE COST OF THE MOBILE SATELLITE

SERVICE TO THE PUBLIC. THE LEGISLATION WOULD ALSO PROVIDE THE EXECUTIVE BRANCH WITH OVERSIGHT AUTHORITY."

"THE LEGISLATION WAS DRAFTED AS PART OF OTP'S OVERALL PROGRAM TO PROMOTE IMPROVED TELECOMMUNICATIONS COORDINATION AND PLANNING WITH ALL NATIONS, INCLUDING THOSE WHICH WILL PARTICIPATE IN THE UPCOMING PACIFIC TELECOMMUNICATIONS CONFERENCE NOW BEING PLANNED BY OTP."

"THE OTP DRAFT LEGISLATION WAS FORWARDED TO THE OFFICE OF MANAGEMENT AND BUDGET AND WILL BE CIRCULATED FOR COMMENT TO OTHER INTERESTED AGENCIES."

2. DEPARTMENT WILL TELEGRAPH FULL TEXT OF DRAFT RESOLUTION IF USDEL WOULD FIND IT USEFUL. INGERSOLL

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